



June 20, 2016

*Submitted via Federal eRulemaking Portal: [www.regulations.gov](http://www.regulations.gov)*

Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314

**RE: Minnesota Credit Union Network's Comments on Notice of Proposed Rulemaking  
for Parts 701 and 721, FCU Occupancy, Planning, and Disposal of Acquired and  
Abandoned Premises; Incidental Powers**

Dear Mr. Poliquin:

Please accept this correspondence as commentary concerning the National Credit Union Administration's (NCUA's) recently proposed rule regarding federal credit union occupancy, planning and disposal of acquired and abandoned premises and incidental powers. The Minnesota Credit Union Network (MnCUN) appreciates the opportunity to comment on this proposal. By way of background, MnCUN represents the interests of Minnesota's 122 credit unions and their more than 1.6 million members.

This rule change will be significant to many of our federal credit unions (FCUs), and we strongly support the NCUA's commitment to providing meaningful regulatory relief to all credit unions. We applaud the NCUA's more flexible interpretation of Section 107(4), and acknowledgement that the Federal Credit Union Act neither explicitly mentions nor expressly requires full occupancy of FCU property. When the fixed asset rule was out for comment in 2014, we urged the NCUA to consider broader expansion of the occupancy portion of the rule. We are pleased that those suggestions are now included in this proposal.

We also commend the NCUA for continuing to maintain a waiver process if an FCU is not able to achieve partial occupancy of its premises within six years. However, as the NCUA generally moves away from a prescriptive rulemaking philosophy, the full occupancy definition continues to be prescriptive by institution of the 50% requirement. We urge the NCUA to continue to consider the evolution of FCUs when reviewing waiver requests. In addition, we urge the NCUA to consider the possibility that an FCU which initially meets the occupancy requirement might



determine at a later time for economic and strategic reasons to occupy less than 50% occupancy level while still continuing with ownership of the entire property.

By way of example, an FCU may occupy property today at a 60% occupancy level. Some FCU's strategic plans may include the downsizing of branch footprints and anticipate that trend will continue over time. Ten years from now, the same FCU may not require that large of a space to continue to serve the same or larger membership, and may determine it is appropriate to shrink down to 35% occupancy of the building. If a branch is downsized an FCU could potentially be determined out of compliance with the regulation even though it makes the most economic sense to do so.

Clearly, any such waiver request would continue to be subject to ongoing safety and soundness concerns, however we urge the NCUA to remain flexible and continue to provide room for unique circumstances in which the FCU's partial occupancy of a real property location may not be the best decision for the FCU, and in turn, its members.

Again, we are overall very supportive of this proposal, and thank the NCUA for its continued efforts in providing ongoing regulatory relief to credit unions.

Thank you for taking into consideration MnCUN's commentary regarding this proposed rule. If you have any questions about our comments, please do not hesitate to contact us at (651) 288-5170.

Sincerely,

A handwritten signature in blue ink, appearing to read 'John Wendland'. The signature is fluid and cursive, with a large loop at the end.

John Wendland  
Vice President & General Counsel